

**PUBLIC DISCLOSURE**

September 28, 1999

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**EQUITABLE CO-OPERATIVE BANK**

87 OXFORD STREET  
LYNN, MA. 01901

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Equitable Co-operative Bank** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

### **INSTITUTION'S CRA RATING: This institution is rated "SATISFACTORY"**

The overall rating of Satisfactory is based on Equitable Co-operative Bank's performance under the five criteria for small institutions.

The bank's net loan to deposit ratio has averaged 71.0 percent over the prior eight quarters. The ratio has decreased over this time period from 79.4 percent on September 30, 1997, to the current level of 63.7 percent as of June 30, 1999. This decrease is attributed to an increase in deposits since the opening of a branch in Nahant in 1996 as well as the sale of mortgages to the secondary market.

An analysis of HMDA originations by income of borrowers indicated that 43.7 percent of the total HMDA originations inside the bank's assessment area, for the time period covered, were to low and moderate income individuals. The distribution of the bank's HMDA reportable loan originations to low-income borrowers is favorable when compared to that of all other HMDA-reporters within the assessment area. The bank's percentage of lending to borrowers of low and moderate-income exceeds that of the aggregate by number and dollar amount for 1998. Within the assessment area the bank originated 12.2 percent of total loans by number to borrowers of low-income, compared to the aggregate with 9.1 percent. HMDA-reportable loans to moderate-income borrowers accounted for 31.7 percent by number and 30.0 percent by dollar amount within the assessment area. By comparison, the aggregate extended 24.4 percent by number and 17.9 percent by dollar amount of HMDA-reportable loans to moderate-income borrowers within the assessment area. This section of the examination is considered to exceed the standards for satisfactory performance.

Based on the 1998 and year to date August 31, 1999 HMDA data, 62.8 percent of the number and 58.3 percent of the dollar amount of the bank's HMDA-reportable loans were originated within its assessment area. This section of the examination is considered to meet the standards of satisfactory performance.

The bank's lending within low and moderate-income census tracts falls below the aggregate when comparing data compiled for 1998. As mentioned under the distribution of lending to

borrowers of different incomes, the bank is not excluding low and moderate-income individuals. Based upon this analysis, the bank is considered to meet the standards for satisfactory performance.

Finally, there were no complaints received by the bank pertaining to its CRA performance and the fair lending examination revealed no evidence of discriminatory or illegal credit practices.

## **PERFORMANCE CONTEXT**

## Description of Institution

Equitable Co-operative Bank was established in 1877, for the purpose of serving the savings and credit needs of working individuals and businesses located in Lynn and Nahant as well as surrounding cities and towns. As of June 30, 1999, the bank had total assets of \$56,870,000, of which 50.3 percent were in the form of loans. The bank's main lending focus is 1-4 family residential real estate loans, which comprise 85.5 percent of the loan portfolio. The bank offers a wide range of residential loan products including adjustable and fixed rate mortgages.

Refer to the following table for additional information on the breakdown of loans as of June 30, 1999.

<b>LOAN TYPE</b>	<b>AMOUNT 000's</b>	<b>PERCENT</b>
1-to-4 Family Residential	\$ 24,479	85.5
Lines of Credit	\$ 2,412	8.4
Construction & Development	\$ 711	2.5
Consumer	\$ 533	1.9
Commercial Real Estate	\$ 485	1.7
<b>GROSS LOANS</b>	<b>\$ 28,620</b>	<b>100.0</b>

Source: June 30, 1999 Call Report

The bank's main office is located at 87 Oxford Street in downtown Lynn. This office is located in a low-income census tract. The bank also maintains branch offices at 338 Broadway in Lynn and 28 Nahant Road in Nahant. With extended hours at the branch offices on Thursday and Friday evenings as well as Saturday mornings banking hours are considered convenient and easily accessible to all customers.

The bank offers its customers account access through its automated telephone banking system. By utilizing this service customers can access their accounts, obtain balance information, transfer funds from one account to another, obtain current interest rate information, and determine loan payment information on a current loan or mortgage account. This service is available to all customers and is free of charge.

Equitable Co-operative Bank has direct competition within the immediate area from several local institutions including BankBoston, Century Bank & Trust Company, Eastern Bank, Brotherhood Credit Union, Community Credit Union of Lynn, and St. Jeans Credit Union, as well as a number of regional and national mortgage companies.

The examiners used PCI Services, Inc., CRA Wiz, to generate aggregate HMDA reports when comparing Equitable Co-operative Bank to other HMDA-reporting lenders throughout its assessment area. The geographic distribution of the bank's loans among various geographies and the distribution of credit by income of the borrower were also compared to that of all other HMDA reporting lenders in the assessment area. Other HMDA reporters include bank and non-bank entities such as large national banking companies, local banks, and credit unions and mortgage companies.

The bank was last examined for compliance with the Community Reinvestment Act by the Federal Deposit Insurance Corporation on January 20, 1998. That examination resulted in a Satisfactory rating. The Massachusetts Division of Banks last examined the bank on June 24, 1997. That examination resulted in a High Satisfactory rating.

### **Description of Assessment Area**

Equitable Co-operative Bank has defined its assessment area as the City of Lynn and the Town of Nahant. Both of these localities are within the Boston Metropolitan Statistical Area (MSA).

### **Assessment Area Demographics**

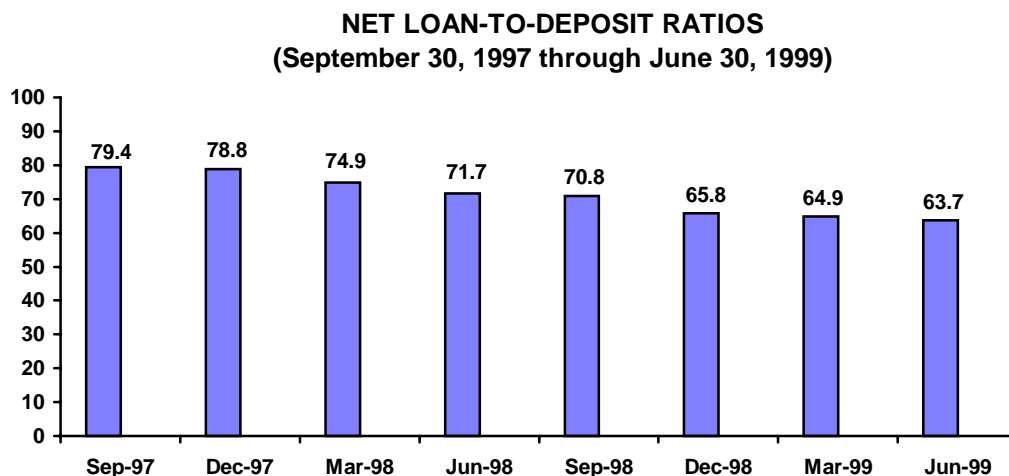
According to 1990 US Census Data, the assessment area has a combined population of 85,073 and a total of 36,357 housing units. Of the total housing units, 15,588, or 42.9 percent are owner occupied, 19,790, or 54.4 percent are rental units, and 3,249, or 8.9 percent are vacant housing units. The median housing value for the assessment area is \$135,523. In addition, 4,892, or 14.9 percent of the total number of households in the assessment area are living below the poverty level.

There are 23 census tracts within the bank's assessment area. Of this number, 4 are designated as low-income, 12 as moderate-income, 6 as middle-income, and 1 as upper-income.

## **PERFORMANCE CRITERIA**

### **1. LOAN TO DEPOSIT ANALYSIS**

A comparative analysis of Equitable Co-operative Bank's quarterly net loan-to-deposit ratios for the period of September 30, 1997 through June 30, 1999 was conducted. Using the bank's quarterly Call Reports, the average net loan-to-deposit ratio for this period is 71.0 percent. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses (ALLL) as a percentage of total deposits. The following graph is provided for further analysis.



The net loan to deposit ratio stands at 63.7 percent as of June 30, 1999. This ratio has averaged 71.0 percent over the previous eight quarters. As indicated above, there has been a significant decrease in this ratio over the period reviewed. This ratio has declined from a high of 79.4 percent in September 1997 to the current level of 63.7 percent as of June 30, 1999. The decrease in this ratio is attributed to an increase in deposits resulting from the Nahant branch opening in 1996 and a significant runoff in mortgage loans due to refinancing.

The recent economic climate, which boasted low interest rates, resulted in an inordinate amount of refinancing into fixed rate products. Although the bank offers a variety of mortgage credit products, it has found difficulty competing within its market place. The competition throughout Lynn is extensive with 5 banking institutions and 9 credit unions, including Eastern Bank, Century Bank & Trust Company, BankBoston, Community Credit Union of Lynn, and St. Jean's Credit Union, as well as a number of regional and national mortgage companies.

A comparison of the dollar amount of the bank's loans and deposits as of June 30, 1998 was compared to that of June 30, 1999. This comparison revealed that deposits have increased by 6.6 percent, while net loans for the same period have decreased by 5.3 percent. As previously mentioned, deposits have been increasing steadily since the opening in 1996 of a branch in Nahant.

Equitable Co-operative Bank's average net loan-to-deposit ratio was compared to the ratios of three other area institutions. The ratios used for Equitable Co-operative Bank and the other institutions were as of June 30, 1999. Refer to the following table.

INSTITUTION	NET LOAN TO DEPOSIT RATIO
Community Credit Union of Lynn	79.5%
<b>Equitable Co-operative Bank</b>	<b>63.7%</b>
St. Jean's Credit Union	58.5%
Brotherhood Credit Union	54.8%

Equitable Co-operative Bank sold loans on the secondary market to Freddie Mac during 1998. This enabled the bank to recycle funds and extend additional credit. The bank retained the servicing rights for all loans sold. During 1998, the bank sold 11 loans totaling \$1,199,500.

Management remains committed to residential mortgage lending. However, the increase in the deposit base, coupled with loan run-offs stemming from economic factors, competitive pressures and pricing have caused a significant shrinkage in the loan portfolio. Equitable Co-operative Bank's shrinkage in the loan portfolio has shifted the bank's focus to securities, which represent 36.0 percent of total assets, as of June 30, 1999.

Despite selling loans on the secondary market, and the significant decrease in the ratio, the bank continues to maintain an adequate net loan-to-deposit ratio. Based on all the above information, Equitable Co-operative Bank's net loan-to-deposit ratio is considered to meet the standards for satisfactory performance.

## 2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

An analysis of the bank's residential lending activity was conducted to determine the proportion of loans within the assessment area for calendar year 1998 through year to date August 31, 1999. The analysis was based upon Loan Application Register (LAR) data filed under the provisions of the Home Mortgage Disclosure Act (HMDA). Loan categories reviewed included first mortgages, refinances, and home improvement loans on 1-to-4 family properties. According to HMDA/LAR data, the bank originated 63 loans in 1998 and 39 loans as of August 31, 1999.

Equitable Co-operative Bank's 1998 and year to date August 31, 1999 Loan Application Registers (LARs) were reviewed to determine the amount of credit extended within the bank's delineated assessment area. During this period, the bank originated 102 HMDA-reportable loans totaling approximately \$10,605,000. Of this amount, 64 loans, or 62.8 percent of the number, totaling \$6,187,000, or 58.3 percent of the dollar amount were originated in the bank's assessment area. Lynn accounted for the highest number and dollar amount of loan originations at 47.1 percent and 39.2 percent, respectively.

Refer to the following tables for additional information regarding the bank's HMDA-reportable lending, by both number and dollar amount.

### HMDA-Reportable Loans by Number of Originations

Location	1998		1999 (YTD)		Totals	
	#	%	#	%	#	%
Lynn	31	49.2	17	43.6	48	47.1
Nahant	10	15.9	6	15.4	16	15.7
<b>Inside Assessment Area</b>	<b>41</b>	<b>65.1</b>	<b>23</b>	<b>59.0</b>	<b>64</b>	<b>62.8</b>
Outside Assessment Area	22	34.9	16	41.0	38	37.2
<b>Total</b>	<b>63</b>	<b>100.0%</b>	<b>39</b>	<b>100.0%</b>	<b>102</b>	<b>100.0%</b>

Source: HMDA/LAR Data for the period 1/1/98 to 8/31/99

### HMDA-Reportable Loans by Dollar Amount of Originations

Location	1998		1999 (YTD)		Totals	
	\$ (000)	%	\$ (000)	%	\$(000)	%
Lynn	2,657	43.4	1,501	33.4	4,158	39.2
Nahant	1,219	19.9	810	18.1	2,029	19.1
<b>Inside Assessment Area</b>	<b>3,876</b>	<b>63.3</b>	<b>2,311</b>	<b>51.5</b>	<b>6,187</b>	<b>58.3</b>
Outside Assessment Area	2,245	36.7	2,173	48.5	4,418	41.7
<b>Total</b>	<b>6,121</b>	<b>100.0%</b>	<b>4,484</b>	<b>100.0%</b>	<b>10,605</b>	<b>100.0%</b>

Source: HMDA/LAR Data for the period 1/1/98 to 8/31/99

Equitable Co-operative Bank was not ranked among the top twenty-five lenders within its assessment area by market share for 1998. However, taking into account the extensive competition throughout the assessment area as well as the size of the institution, this is not that unusual. Despite the low market share, the bank's percentage of activity within its assessment area is considered to be good given the assessment area is comprised of one city and one town.

Based on all of the above information, it is evident that a majority of the number and dollar amount of the bank's HMDA reportable loan originations have been extended within its assessment area. Therefore, the institution's level of lending within its assessment area is considered to meet the standards for satisfactory performance.

### **3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS**

An analysis of HMDA reportable loan originations extended among borrowers of various income levels throughout the assessment area was conducted during the examination. Originations were categorized by the ratio of the applicant's reported income to the median family income of the Boston Metropolitan Statistical Area (MSA), which is \$60,000 and \$62,700 respectively, based on estimated 1998 and 1999 HUD information.

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA; moderate income is defined as income between 50 to 79 percent of the median family income; middle income is defined as income between 80 and 119 percent of the median family income; and upper income is defined as income greater than 120 percent of the median family income.

Refer to the following table for information on the bank's distribution of credit among borrowers of different income levels by both number and dollar amount of loans.

**Number of HMDA-Reportable Loans Within the Assessment Area to Borrowers of Different Income Levels**

<b>Borrower Income Level</b>	<b>Family Households</b>		<b>1998</b>		<b>1999 (YTD)</b>		<b>Total</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
< 50%	11,866	36.0	5	12.2	2	8.7	7	10.9
50 – 79%	5,918	18.0	13	31.7	8	34.8	21	32.8
80 – 119%	6,719	20.4	12	29.3	7	30.4	19	29.7
> = 120%	8,422	25.6	11	26.8	6	26.1	17	26.6
Total	32,925	100.0%	41	100.0%	23	100.0%	64	100.0%

Source: HMDA/LAR Data for the period 1/1/98 to 8/31/99

**Dollar Volume of HMDA-Reportable Loans Within the Assessment Area to Borrowers of Different Income Levels**

<b>Borrower Income Level</b>	<b>Family Households</b>		<b>1998</b>		<b>1999 (YTD)</b>		<b>Total</b>	
	<b>#</b>	<b>%</b>	<b>\$ (000)</b>	<b>%</b>	<b>\$ (000)</b>	<b>%</b>	<b>\$ (000)</b>	<b>%</b>
< 50%	11,866	36.0	241	6.2	81	3.5	322	5.2
50 – 79%	5,918	18.0	1,161	30.0	820	35.5	1,981	32.0
80 – 119%	6,719	20.4	1,350	34.8	592	25.6	1,942	31.4
> = 120%	8,422	25.6	1,124	29.0	818	35.4	1,942	31.4
Total	32,925	100.0%	3,876	100.0%	2,311	100.0%	6,187	100.0%

Source: HMDA/LAR Data for the period 1/1/98 to 8/31/99

In 1997 and 1998, the bank extended a total of 28 HMDA reportable loans to low and moderate-income borrowers representing 43.7 percent of total loans for the assessment area. These loans represent 37.2 percent by dollar amount of the total loans in the assessment area originated during this period. Low-income borrowers fall below the 36.0 percent of low-income households within the assessment area. However, it should be noted that the low-income group contains a large portion of families with incomes so low that home-ownership is virtually impossible because of the prices of homes, particularly in Nahant.

As the above tables indicate, 32.8 percent of HMDA reportable loans within the bank's assessment area were granted to borrowers of moderate-income, followed by loans to

middle-income borrowers with 29.7 percent, upper-income borrowers with 26.6 percent, and low-income borrowers with 10.9 percent.

The distribution of the bank's HMDA reportable loans among various borrower income levels was also compared to that of all other HMDA-reporting lenders within the assessment area. As previously mentioned, other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 1998 and is presented in the following table.

**Lending Within the Assessment Area to Borrowers of Different Income Levels**  
**Equitable Co-operative Bank Compared to All Other HMDA-Reporters**

Borrower Income Level	Number of Loans				Dollar Amount of Loans			
	Equitable Co-operative Bank		All Other Reporters		Equitable Co-operative Bank		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
< 50%	5	12.2	347	9.1	241	6.2	27,733	5.9
50 – 79%	13	31.7	931	24.4	1,161	30.0	83,880	17.9
80 – 119%	12	29.3	1,084	28.4	1,350	34.8	110,358	23.5
> = 120%	11	26.8	776	20.3	1,124	29.0	96,654	20.6
NA	0	0.0	681	17.8	0	0.0	150,453	32.1
Total	41	100.0%	3,819	100.0%	3,876	100.0%	469,078	100.0%

Source: HMDA Data for the period 1/1/98 to 12/31/98.

The distribution of the bank's HMDA reportable loan originations to low-income borrowers is favorable when compared to that of all other HMDA-reporters within the assessment area. As shown above, the bank's percentage of lending to borrowers of low and moderate-income exceeds that of the aggregate by number and dollar amount for 1998. The bank originated 12.2 percent of total loans by number within the assessment area to borrowers of low-income, compared to the aggregate with 9.1 percent.

The bank's HMDA-reportable loans to moderate-income borrowers accounted for 31.7 percent by number and 30.0 percent by dollar amount within the assessment area. This exceeds the aggregate with 24.4 percent by number and 17.9 percent by dollar amount.

As shown in the above tables, the percentage of the bank's lending to low and moderate-income borrowers exceeds that of all other lenders by number of loans originated and by dollar amount. This distribution of lending demonstrates the bank's willingness to lend to borrowers of all income levels, particularly those of low and moderate-income.

Given the demographics of the assessment area, the bank's lending distribution appears to reflect excellent penetration among individuals of different income levels.

Based on all the above information, the distribution of credit among borrowers of different income levels is considered to exceed the standards for satisfactory performance.

#### 4. GEOGRAPHIC DISTRIBUTION OF LOANS

The HMDA-reportable loans located within the bank's assessment area were further analyzed to determine their location by census tract income level. As mentioned previously, the assessment area is comprised of 4 low-income census tracts, 12 moderate-income, 6 middle-income, and 1 upper-income.

The following table provides a breakdown by number of the bank's HMDA-reportable loans within its assessment area according to census tract income level.

##### **Distribution of HMDA-Reportable Loans Within the Assessment Area by Census Tract Income Level**

Census Tract Income Level	1998		1999 (YTD)		Total	
	#	%	#	%	#	%
Low	5	12.2	3	13.1	8	12.5
Moderate	10	24.4	5	21.7	15	23.4
Middle	16	39.0	9	39.1	25	39.1
Upper	10	24.4	6	26.1	16	25.0
Total	41	100.0%	23	100.0%	64	100.0%

Source: HMDA/LAR Data for the period 1/1/98 to 8/31/99

Throughout 1998 and year to date August 31, 1999, the bank originated 39.1 percent of its HMDA reportable loans in middle-income census tracts within its assessment area, followed by 25.0 percent in upper-income census tracts, 23.4 percent in moderate-income census tracts, and 12.5 percent in low-income census tracts.

The distribution of the bank's HMDA reportable loans among various census tract income levels was also compared to that of all other HMDA-reporting lenders within the assessment area. As previously mentioned, other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 1998 and is presented in the following table.

##### **Distribution of Loans Within the Assessment Area by Census Tract Income Level** **Equitable Co-operative Bank Compared to All Other HMDA Reporters**

Census Tract Income Category	Number of Loans		Dollars in Loans (000's)	
	Equitable Co-operative Bank	All Other Reporters	Equitable Co-operative Bank	All Other Reporters

Low	5	12.2	210	5.5	321	8.3	18,618	4.0
Moderate	10	24.4	1,557	40.8	1,023	26.4	143,353	30.6
Middle	16	39.0	1,803	47.2	1,313	33.9	262,493	55.9
Upper	10	24.4	249	6.5	1,219	31.4	44,614	9.5
Total	41	100.0%	3,819	100.0%	3,876	100.0%	469,078	100.0%

Source: HMDA Data for the period 1/1/98 to 12/31/98.

The distribution of the bank's HMDA reportable loan originations to low-income census tracts is favorable when compared to that of all other HMDA-reporters within the assessment area. The bank originated 12.2 percent by number and 8.3 percent by dollar amount in low-income census tracts compared to the aggregate at 5.5 percent by number and 4.0 percent by dollar amount.

HMDA-reportable loans in moderate-income census tracts accounted for 24.4 percent by number and 26.4 percent by dollar amount within the assessment area. This falls below the aggregate of 40.8 percent by number and 30.6 percent by dollar amount.

As shown in the above tables, the percentage of the bank's lending in low and moderate-income census tracts is lower than that of all other lenders by number of loans originated, but mirrors all other lenders by dollar amount.

Lending among various census tracts is reflective of the demographic profile of the bank's assessment area. Based on the analysis of the geographic distribution of loans, the bank is considered to meet the standards of satisfactory performance in generating originations from all segments of its assessment area.

## **FLEXIBLE LENDING**

From January 1, 1998 through September 30, 1999, Equitable Co-operative Bank originated 11 construction loans totaling \$1,744,300 through the Lynn Community Development Corporation's In-Fill Housing Program. These loans are for the construction of 1-4 family dwellings that are predominantly located in low and moderate-income neighborhoods of Lynn.

## **5. REVIEW OF COMPLAINTS/FAIR LENDING**

Equitable Co-operative Bank has not received any complaints related to its CRA performance since the previous examination. Equitable Co-operative Bank's record of implementing and developing fair lending policies is considered to meet the standards for satisfactory performance.

## **FAIR LENDING POLICIES AND PRACTICES**

Equitable Co-operative Bank has established an Equal Opportunity in Lending Policy Statement that addresses all laws and regulations relative to fair lending. All management officials are responsible for implementing this policy by disseminating information to all individuals who might be in a position to receive loan applications. This policy was reviewed and approved in December of 1998. Detailed below is the bank's fair lending performance as it correlates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

## **STAFF TRAINING**

Informal discussions with the bank employee's are held periodically. There are no formal on-going training programs for the bank employees.

## **STAFF COMPOSITION AND COMPENSATION**

The bank has a staff of 15 full-time and 3 part-time employees, one of whom is a minority. The bank employs one individual who speaks Spanish.

The bank does not compensate any of its underwriters on a commission basis, thereby encouraging loans of all amounts including those to low and moderate-income individuals.

## **OUTREACH**

Management and the Board of Directors maintain positive attitudes in addressing community credit needs. Meaningful and ongoing relationships are maintained with a variety of community organizations in order to determine the credit needs of the assessment area. Examples of these organizations include: The Lynn Community Cultural Center, Lynn Chamber of Commerce, The Lynn Community Development Housing Corporation, and The Rotary Club of Lynn.

## **CREDIT PRODUCTS AND UNDERWRITING STANDARDS**

Equitable Co-operative Bank offers its own First Time Home Buyers program with flexible underwriting standards and debt ratios. This program includes low rates, low closing costs, no points, flexible income ratios, reduced attorney and appraisal fees, and no PMI if a 15.0 percent down payment is made. The bank originated 13 loans under this program totaling \$1,399,950 in 1998 and 3 loans totaling \$385,820 year-to-date August 31, 1999. Equitable Co-operative Bank provides construction financing and end loans on property developed by the Lynn Community Development Housing Corporation (LCDHC) as mentioned above.

## **MARKETING**

Equitable Co-operative Bank's advertising reaches individuals of all income levels and effectively covers the entire delineated assessment area. The bank advertises in newspapers throughout its assessment area, including the Daily Evening Item, The

Salem Evening News, and The Marblehead and Swampscott Reporter. The bank also advertises in Spanish in El Mundo and the Spanish Publishing Services. The bank advertises on radio stations such as WESX and WBACH in Lynn, as well as through cable such as Media One and Time Warner.

## **CREDIT EDUCATION**

The bank has not sponsored or participated in any credit education seminars over the past two years.

## **COUNSELING**

The bank refers all loan customers whose home loan is delinquent to the appropriate credit counseling services available in the area. A form containing the names, addresses and phone numbers of various counseling agencies is mailed to the borrower.

The underwriters at the bank will also work extensively with any customer who is experiencing credit difficulties. If necessary, terms will be modified to accommodate customer needs.

## **SECOND REVIEW PRACTICES**

The bank's Security Committee reviews all denied loan applications in order to ensure that the bank's credit standards are carried out fairly and consistently. This review is typically done prior to the applicant receiving an adverse action notice.

## **INTERNAL CONTROL PROCEDURES**

The bank has engaged the services of outside consultants to review fair lending policies.

## **MINORITY APPLICATION FLOW**

A review of residential loan applications was conducted in order to determine the number of applications the bank received from minorities. From January 1, 1998, through August 31, 1999, the bank received 72 HMDA reportable loan applications from within its assessment area. During this period, 9 applications, or 12.5 percent, were received from minorities. Refer to the following table for further details.

### **APPLICATION FLOW**

<b>RACE</b>	<b>1998</b>		<b>1999 (YTD)</b>		<b>TOTAL</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
American Indian	0	0.0	0	0.0	0	0.0
Asian	3	6.3	0	0.0	3	4.2
Black	3	6.3	0	0.0	3	4.2

Hispanic	2	4.1	0	0.0	2	2.8
Other	0	0.0	1	4.2	1	1.3
<b>TOTAL MINORITY</b>	<b>8</b>	<b>16.7</b>	<b>1</b>	<b>4.2</b>	<b>9</b>	<b>12.5</b>
White	40	83.3	22	91.6	62	86.2
No Information	0	0.0	1	4.2	1	1.3
<b>TOTAL</b>	<b>48</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>72</b>	<b>100.0</b>

Source – 1998 and year to date August 31, 1999 (LARs)

The bank's minority application flow for this period was compared with the racial make-up of the assessment area and 1998 aggregate data for all HMDA reporters within the assessment area. The comparison of this data assists in deriving reasonable expectations for the institution's minority application flow.

According to 1990 Census Data, the bank's assessment area contained a total population of 85,073 individuals, of which 15,835 or 18.6 percent are minorities. The minority population is 0.1 percent American Indian, 3.7 percent Asian, 6.2 percent Black, 8.5 percent Hispanic and 0.1 percent as Other.

Aggregate information indicated that, of the 5,617 HMDA-reportable applications received within the assessment area in 1998, 13.5 percent were from minorities. Equitable Co-operative Bank appears to be higher than the aggregate for applications from minorities during 1998; however, the bank has not received any minority applications as of August 31, 1999.

# THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

## **EQUITABLE CO-OPERATIVE BANK**

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business September 28, 1999, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_

# PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.